



Regional Webinar #4

November 18 and 19, 2020



AGENDA

- I. Achieving Spend Down
- II. Supply Chain Considerations
- III. Subrecipient Monitoring
- IV. Audit Considerations
- V. Compliance Questionnaire



42 Days

Until December 30, 2020
counting today



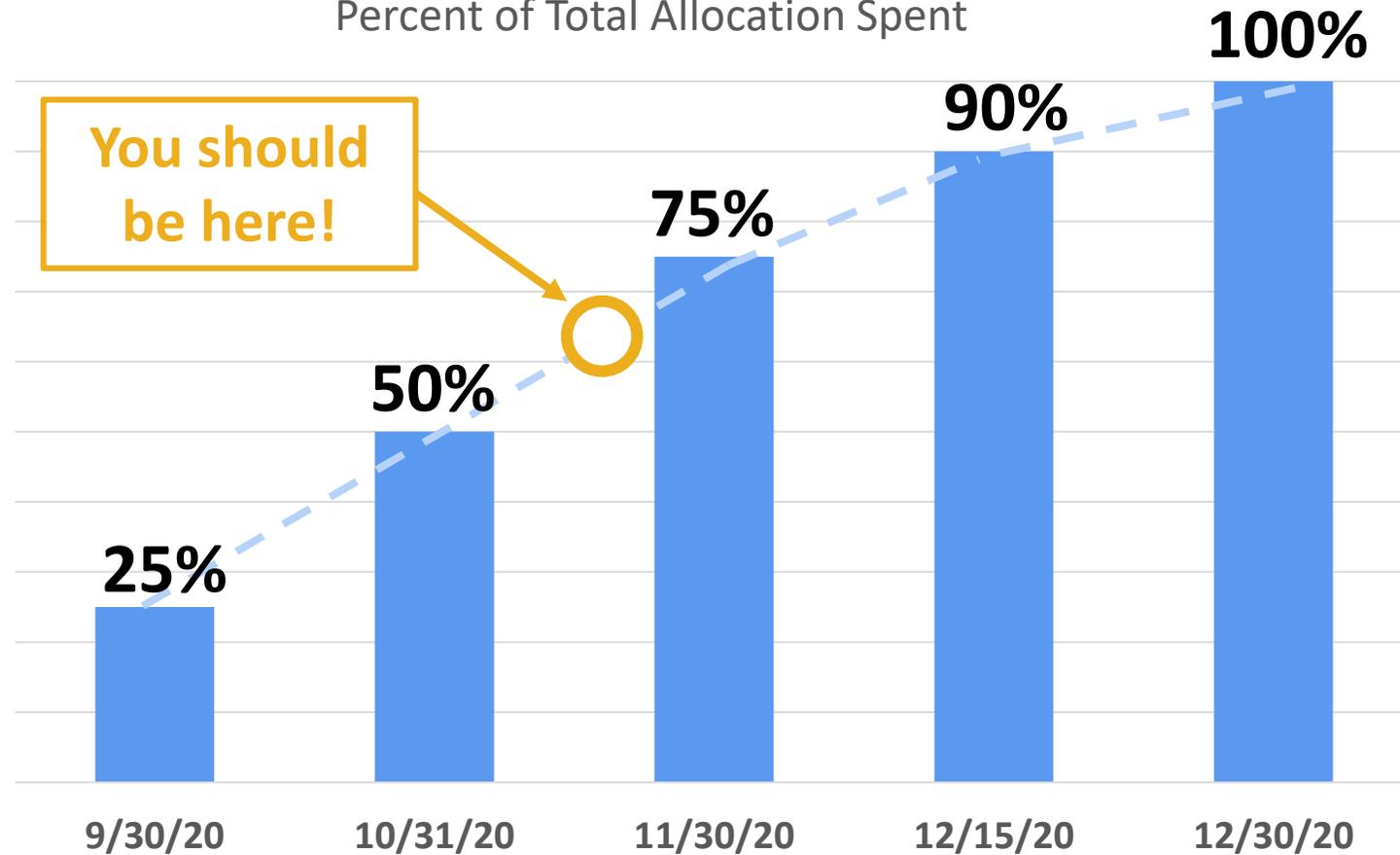
Achieving Spend Down

MODEL SPEND DOWN

Keep the model spend down in mind as we approach Dec 30th

- Explore contingency spending plans as necessary with your TA
- Document your Contingency Spending Plan to ensure seamless implementation if the need arises

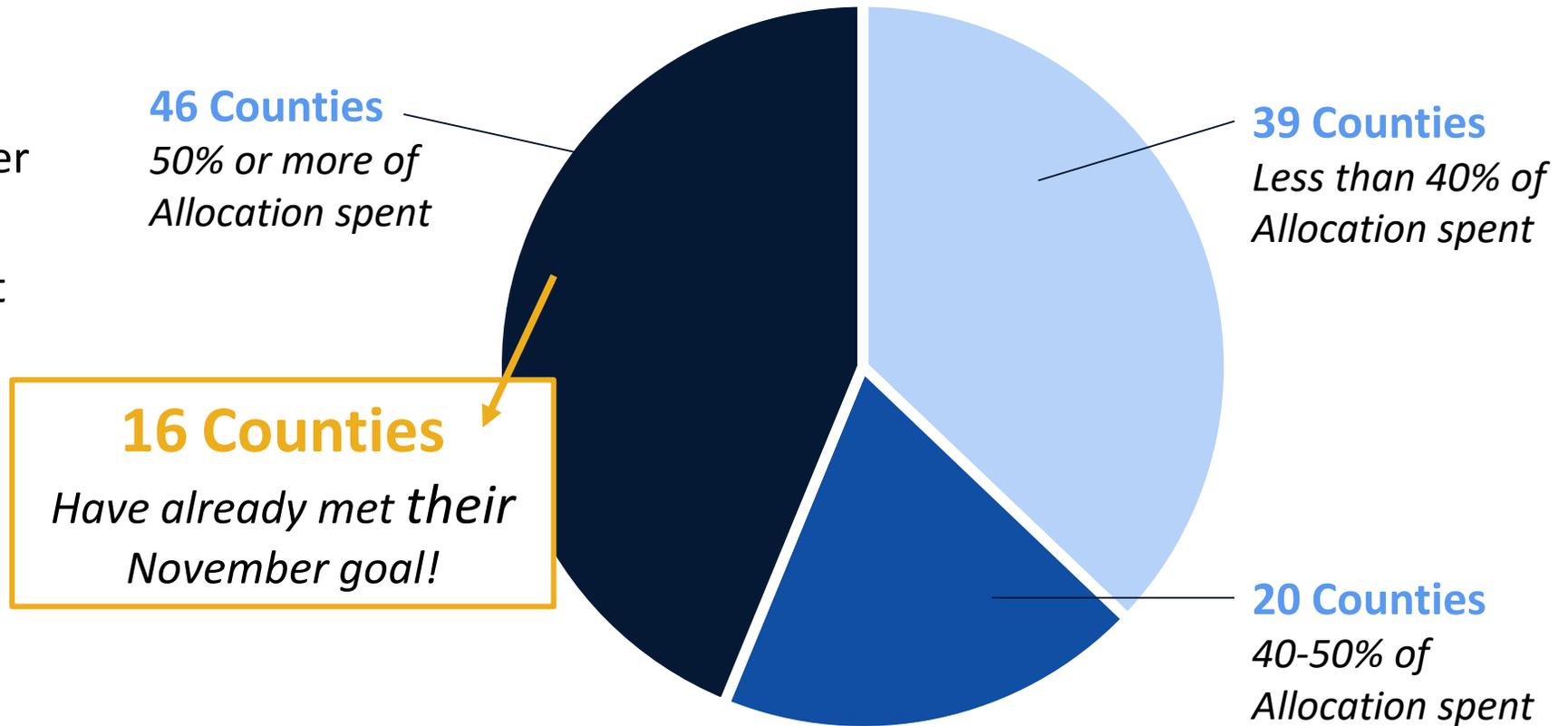
Percent of Total Allocation Spent



ACTUAL SPEND DOWN

Spend Down Status

- Many counties have robust spending goals for November and December
- \$226 M remains to be spent by December 30th



ACHIEVING SPEND DOWN

Contingency Spending Plans can include:

- Explore & exhaust County Expenditures
 - Payroll & Benefits for eligible departments
 - PPE Purchases and Sterilization for departments
 - Reserve 5% Administrative Allocation for audit and compliance expenses
- Increase funding to Grant Programs
 - Potential to increase the individual award amount and the number of awardees
- Increase funding to Schools or School Districts
 - Allocate additional funding for reimbursement of COVID-19-related expenses dating back to March 1, 2020 with minimal recordation feedback required





Supply Chain Considerations

SUPPLY CHAIN CONSIDERATIONS

Supply chains:

- The system of people, organizations, activities, and materials involved in supplying a product or service.
- CRF guidance states that all purchases must be put to use by Dec 30th
 - At the time of purchase or contract signing, there should be an expectation that products will be received or work completed for use by Dec 30th
 - Applies to the distribution, delivery, and installation of products



Distribution



Delivery



Installation

- Counties should follow their established procurement policies and procedures, or note which alternative measures were taken as part of an emergency situation



SUPPLY CHAIN CONSIDERATIONS

Supply chain disruptions are a compliance risk:

- All expenses must be incurred and in use by December 30th
- Expected vs. Unexpected delays
 - Any expected delays beyond the eligibility period will render expenditures ineligible
 - Any unexpected delays should be well-documented



SUPPLY CHAIN CONSIDERATIONS

Addressing disruptions:

- Create a Supply Chain Disruption Plan and consider
 - Expedited shipping
 - Alternative or Multiple suppliers
 - Alternative products
 - Reworking projects
 - Creative problem solving
- Outlining how to navigate potential disruptions will help ensure that purchases remain eligible and provide documentation for upcoming audits



SUPPLY CHAIN REFERENCE MATERIALS

“Supply Chain Disruptions and Delays” Memorandum dated 10/30/2020

- Distributed last week outlining the full list of considerations
- The Memo can also be found online on the SPARK County Resources page, under “Memos”:
<https://covid.ks.gov/spark-county-resources/>

SPARK FAQ dated 9/3/2020

- The most recent SPARK FAQ addresses this topic
- https://covid.ks.gov/wp-content/uploads/2020/09/Compiled-Webinar-FAQs_9.3_EU-002.pdf





Subrecipient Monitoring

SUBRECIPIENT MONITORING

Counties are responsible for monitoring and ensuring eligibility:

- Steps to verify expenditures of subrecipients
 - Have a documented monitoring plan and process
 - Collect and retain documentation to verify a subrecipient's use of funds, procurement policy and procedures, internal controls, and record retention
 - Confirm subrecipients are prepared for audits (if necessary)
 - Document findings from reviews with any necessary follow-up or corrective action communicated to subrecipients to ensure compliance



SUBRECIPIENT MONITORING

Types of monitoring documentation include:

- Fully executed MOAs and/or written agreements
- Record of awards and awardee requirements
- Financial progress reports received from subrecipients with review and acknowledgement by the County

Counties should establish a monitoring plan:

- Plan to include how and when subrecipient expenditures will be reviewed
- Be prepared for upcoming Compliance Questionnaire (more on that later!)





Audit Considerations

AUDIT CONSIDERATIONS

3 Types of Audits

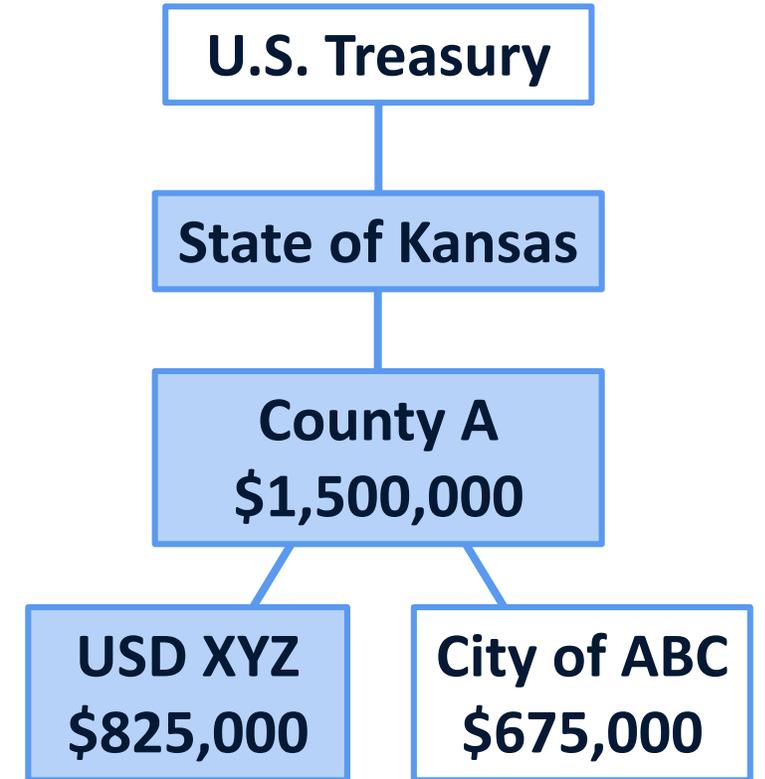
- Normal, annual audit (All Counties)
- Single-Audit (>\$750,000 in total federal funding)
- Federal Audit (at discretion of US Government, everyone receiving CRF funds could be audited)



SINGLE AUDIT CONSIDERATIONS

Single Audits (OMB-A133 audits):

- Expending \$750,000 or more in federal funding during the fiscal year requires a Single Audit
 - 75 Counties received allocations from the State exceeding \$750,000
 - Applies to all Subrecipients of the County
 - Does not apply to funds received by Grantees
- There are 2 aspects of the review
 - Financial - *agency internal controls & financial statements*
 - Compliance - *adherence to Program guidelines*



AUDIT CONSIDERATIONS

Single Audit Preparation

- Documentation should be clearly identified to the CRF program and readily available by paper and electronically to the auditor (CPA). Examples include but are not limited to:
 - Financial policies & procedures (payroll, procurements, etc.)
 - Previous Audits, Management Letters and Response to Findings (if applicable)
 - Financial statements
 - Sub-recipient agreements (MOAs, MOUs, Contracts) and Monitoring Tools
 - Payroll and Benefits Records



AUDIT CONSIDERATIONS

Single Audit Preparation

- Documentation should be clearly identified to the CRF program and readily available by paper and electronically to the auditor (CPA). Examples include but are not limited to, continued:
 - Minutes from County Board of Commissioners
 - Purchase Orders (PO), Invoices, Receipts for all CRF expenditures
 - Grant program documentation (public announcement, composition of grant review committee/panel, process for selection of grantees, award letters/MOAs with grantees, list of awardees, grantee reports and supporting documentation)
 - Financial Reports submitted & communications with State of Kansas Recovery Office for the allocation (award) to the County



AUDIT CONSIDERATIONS

Important Considerations (OMB-A133 audits)*:

- Avoid conflicts of interest
 - If a CPA firm is your CARES Act consultant, you must hire an independent auditor to review your spending
- Expect heightened scrutiny for high-cost expenditures
 - Costs in excess of \$25,000 are a “higher risk” of increased scrutiny (e.g. \$50,000 grant to a small business may prompt in-depth review of MOA, grantee report to County, receipts for all expenses, etc.)

*This is based on a typical single-audit. CRF Single-Audit Guidelines have not yet been released.



AUDIT CONSIDERATIONS

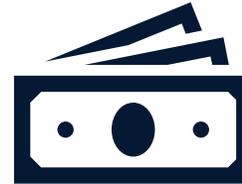
When to pay for the single audit:

- Prepare and record estimated incurred costs by December 30, 2020.



Incurred Costs

Estimated costs for the audit should be included in the December Reporting



Disbursed Costs

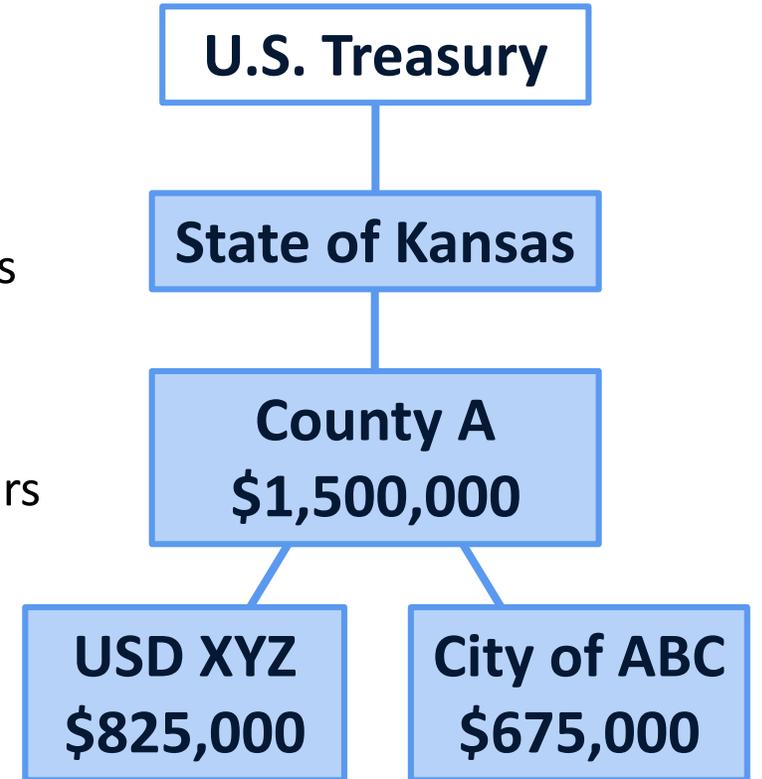
Payment for the audit must be disbursed by June 15, 2021



AUDIT CONSIDERATIONS

Federal Compliance Audit:

- Unlike a single audit, the total funds expended by an entity does not determine who may be audited
 - Any Subrecipient or Beneficiary could be audited, including awardees from Grant Programs
- Can occur 1-5 years after the conclusion of a program
 - Subrecipients and Beneficiaries must retain documentation for 5 years
- There are 2 aspects of the review
 - Financial - *agency internal controls & financial statements*
 - Compliance - *adherence to Program guidelines*





Compliance Questionnaire

COMPLIANCE QUESTIONNAIRE

The State will be sending out a Compliance Questionnaire to Counties covering:

- Funds Distribution Mechanisms
- Administration of CRF Programs
- Subrecipient Monitoring
- Record Keeping Methods

Due back to the state by November 30, 2020

Based on Questionnaire responses and November reporting, each TA may be scheduling a follow-up session to review certain documents





Reporting Dates

REPORTING DATES

Upcoming Dates:

- December 10th
 - 11/1 - 11/30 Expenses
- January 6th, 2021
 - 12/1 - 12/30 Expenses
- January 20th, 2021
 - Final Reporting

December						
S	M	T	W	TH	F	S
				10		

January						
S	M	T	W	TH	F	S
			6			
			20			



NEW REPORTING DATES

Additional Dates as Needed:

- *All expenses must still be incurred/encumbered by Dec 30th*
- This encumbrance process is typically accomplished through a purchase order
- Counties are required to submit reports on January 20th
- However, the State will allow 2 additional final reporting deadlines for Counties with supply chain disruptions that need additional time to turn encumbrances into disbursements into early 2021
 - February 10th, 2021
 - March 17th, 2021



REGIONAL TAs ARE HERE TO HELP

Technical Assistance is available for:

- Reviewing eligibility of expenditures
- Changes to allocations
- Supply chain challenges
- Spend down progress
- Contingency spending plans
- Support for completion of accurate reporting requirements
- Capital projects
- Program administration





How Can We Help?

How can this team provide support to drive spending in ways that support your communities?

TAs are always available via email or scheduled Zoom call!